

United States Bankruptcy Court
Northern District of Illinois Eastern Division
In re P3 Foods LLC Case No. 16-320-21
Debtor Chapter 11

**PERIODIC REPORT REGARDING VALUE, OPERATIONS AND PROFITABILITY OF
ENTITIES IN WHICH THE ESTATE OF [NAME OF DEBTOR]
HOLDS A SUBSTANTIAL OR CONTROLLING INTEREST**

This is the report as of JANUARY 2018 on the value, operations and profitability of those entities in which the estate holds a substantial or controlling interest, as required by Bankruptcy Rule 2015.3. The estate of [Name of Debtor] holds a substantial or controlling interest in the following entities:

Name of Entity	Interest of the Estate	Tab #
P3 Foods LLC	P3 Foods LLC	

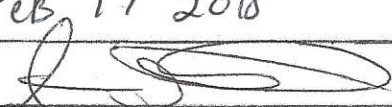
This periodic report (the "Periodic Report") contains separate reports ("Entity Reports") on the value, operations, and profitability of each entity listed above.

Each Entity Report shall consist of three exhibits. Exhibit A contains a valuation estimate for the entity as of a date not more than two years prior to the date of this report. It also contains a description of the valuation method used. Exhibit B contains a balance sheet, a statement of income (loss), a statement of cash flows, and a statement of changes in shareholders' or partners' equity (deficit) for the period covered by the Entity Report, along with summarized footnotes. Exhibit C contains a description of the entity's business operations.

THIS REPORT MUST BE SIGNED BY A REPRESENTATIVE OF THE TRUSTEE OR DEBTOR IN POSSESSION.

The undersigned, having reviewed the above listing of entities in which the estate of [Debtor] holds a substantial or controlling interest, and being familiar with the Debtor's financial affairs,

verifies under the penalty of perjury that the listing is complete, accurate and truthful to the best of his/her knowledge.

Date: Feb 17 2018


Signature of Authorized Individual
Anthony Pendolino

Name of Authorized Individual
CEO, P3 Foods LLC

Title of Authorized Individual

B 25C (Official Form 25C) (12-08)

UNITED STATES BANKRUPTCY COURT

In re P3 Foods LLC
Debtor

Case No. 16320-21

Small Business Case under Chapter 11

SMALL BUSINESS MONTHLY OPERATING REPORT

Month: JANUARY 2018

Date filed: OCTOBER 6th 2016

Line of Business: Burger King Franchise

NAISC Code: 122513

IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THE FOLLOWING SMALL BUSINESS MONTHLY OPERATING REPORT AND THE ACCOMPANYING ATTACHMENTS AND, TO THE BEST OF MY KNOWLEDGE, THESE DOCUMENTS ARE TRUE, CORRECT AND COMPLETE.

RESPONSIBLE PARTY:

(X) 

Original Signature of Responsible Party

Anthony Pendolino, CEO, P3 Foods LLC
Printed Name of Responsible Party

Questionnaire: (All questions to be answered on behalf of the debtor.)

	Yes	No
1. IS THE BUSINESS STILL OPERATING?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. HAVE YOU PAID ALL YOUR BILLS ON TIME THIS MONTH?	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
3. DID YOU PAY YOUR EMPLOYEES ON TIME?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. HAVE YOU DEPOSITED ALL THE RECEIPTS FOR YOUR BUSINESS INTO THE DIP ACCOUNT THIS MONTH?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. HAVE YOU FILED ALL OF YOUR TAX RETURNS AND PAID ALL OF YOUR TAXES THIS MONTH? <u>All sales Tax and Payroll Taxes pd on time.</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. HAVE YOU TIMELY FILED ALL OTHER REQUIRED GOVERNMENT FILINGS?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. HAVE YOU PAID ALL OF YOUR INSURANCE PREMIUMS THIS MONTH?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. DO YOU PLAN TO CONTINUE TO OPERATE THE BUSINESS NEXT MONTH?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. ARE YOU CURRENT ON YOUR QUARTERLY FEE PAYMENT TO THE U.S. TRUSTEE?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. HAVE YOU PAID ANYTHING TO YOUR ATTORNEY OR OTHER PROFESSIONALS THIS MONTH?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
11. DID YOU HAVE ANY UNUSUAL OR SIGNIFICANT UNANTICIPATED EXPENSES THIS MONTH?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
12. HAS THE BUSINESS SOLD ANY GOODS OR PROVIDED SERVICES OR TRANSFERRED ANY ASSETS TO ANY BUSINESS RELATED TO THE DIP IN ANY WAY?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
13. DO YOU HAVE ANY BANK ACCOUNTS OPEN OTHER THAN THE DIP ACCOUNT?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

B 25C (Official Form 25C) (12/08)

UNPAID BILLS

PLEASE ATTACH A LIST OF ALL DEBTS (INCLUDING TAXES) WHICH YOU HAVE INCURRED SINCE THE DATE YOU FILED BANKRUPTCY BUT HAVE NOT PAID. THE LIST MUST INCLUDE THE DATE THE DEBT WAS INCURRED, WHO IS OWED THE MONEY, THE PURPOSE OF THE DEBT AND WHEN THE DEBT IS DUE. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

TOTAL PAYABLES \$ 298,000

NOV, DEC, JAN FEB, (Exhibit D) are low sales months, March approx payables. approx 200,000 to October 2018 MONEY OWED TO YOU

PLEASE ATTACH A LIST OF ALL AMOUNTS OWED TO YOU BY YOUR CUSTOMERS FOR WORK YOU HAVE DONE OR THE MERCHANDISE YOU HAVE SOLD. YOU SHOULD INCLUDE WHO OWES YOU MONEY, HOW MUCH IS OWED AND WHEN IS PAYMENT DUE. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

TOTAL RECEIVABLES \$ 0

(Exhibit E)

BANKING INFORMATION

PLEASE ATTACH A COPY OF YOUR LATEST BANK STATEMENT FOR EVERY ACCOUNT YOU HAVE AS OF THE DATE OF THIS FINANCIAL REPORT OR HAD DURING THE PERIOD COVERED BY THIS REPORT.

(Exhibit F)

EMPLOYEES

NUMBER OF EMPLOYEES WHEN THE CASE WAS FILED?

NUMBER OF EMPLOYEES AS OF THE DATE OF THIS MONTHLY REPORT?

251
219

PROFESSIONAL FEES

BANKRUPTCY RELATED:

PROFESSIONAL FEES RELATING TO THE BANKRUPTCY CASE PAID DURING THIS REPORTING PERIOD?

\$ 0

TOTAL PROFESSIONAL FEES RELATING TO THE BANKRUPTCY CASE PAID SINCE THE FILING OF THE CASE?

\$ 158,731²⁴

NON-BANKRUPTCY RELATED:

PROFESSIONAL FEES NOT RELATING TO THE BANKRUPTCY CASE PAID DURING THIS REPORTING PERIOD?

\$ 0

TOTAL PROFESSIONAL FEES NOT RELATING TO THE BANKRUPTCY CASE PAID SINCE THE FILING OF THE CASE?

\$ 0

B 25C (Official Form 25C) (12-08)

14. HAVE YOU SOLD ANY ASSETS OTHER THAN INVENTORY THIS MONTH?

☐ ☒

15. DID ANY INSURANCE COMPANY CANCEL YOUR POLICY THIS MONTH?

☐ ☒

16. HAVE YOU BORROWED MONEY FROM ANYONE THIS MONTH?

☐ ☒

17. HAS ANYONE MADE AN INVESTMENT IN YOUR BUSINESS THIS MONTH?

☐ ☒

18. HAVE YOU PAID ANY BILLS YOU OWED BEFORE YOU FILED BANKRUPTCY?

☒ ☐

Administrative order For Reimburse paid per court order

TAXES

DO YOU HAVE ANY PAST DUE TAX RETURNS OR PAST DUE POST-PETITION TAX OBLIGATIONS? *He sales Tax and payroll taxes paid on time*

☐ ☒

IF YES, PLEASE PROVIDE A WRITTEN EXPLANATION INCLUDING WHEN SUCH RETURNS WILL BE FILED, OR WHEN SUCH PAYMENTS WILL BE MADE AND THE SOURCE OF THE FUNDS FOR THE PAYMENT.

(Exhibit A)

INCOME

PLEASE SEPARATELY LIST ALL OF THE INCOME YOU RECEIVED FOR THE MONTH. THE LIST SHOULD INCLUDE ALL INCOME FROM CASH AND CREDIT TRANSACTIONS. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

TOTAL INCOME \$ *894235*

SUMMARY OF CASH ON HAND

Cash on Hand at Start of Month

\$ *12600*

Cash on Hand at End of Month

\$ *12600*

PLEASE PROVIDE THE TOTAL AMOUNT OF CASH CURRENTLY AVAILABLE TO YOU TOTAL \$ *361417*

(Exhibit B)

EXPENSES

PLEASE SEPARATELY LIST ALL EXPENSES PAID BY CASH OR BY CHECK FROM YOUR BANK ACCOUNTS THIS MONTH. INCLUDE THE DATE PAID, WHO WAS PAID THE MONEY, THE PURPOSE AND THE AMOUNT. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

TOTAL EXPENSES \$ *866904*

(Exhibit C)

CASH PROFIT

INCOME FOR THE MONTH (TOTAL FROM EXHIBIT B)

\$ *894235*

EXPENSES FOR THE MONTH (TOTAL FROM EXHIBIT C)

\$ *866904*

(Subtract Line C from Line B)

CASH PROFIT FOR THE MONTH \$ *27331*

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N/A

PROJECTIONS

COMPARE YOUR ACTUAL INCOME AND EXPENSES TO THE PROJECTIONS FOR THE FIRST 180 DAYS OF YOUR CASE PROVIDED AT THE INITIAL DEBTOR INTERVIEW.

	Projected	Actual	Difference
INCOME	\$ _____	\$ _____	\$ _____
EXPENSES	\$ _____	\$ _____	\$ _____
CASH PROFIT	\$ _____	\$ <u>NA</u>	\$ _____

TOTAL PROJECTED INCOME FOR THE NEXT MONTH:

\$ _____

TOTAL PROJECTED EXPENSES FOR THE NEXT MONTH:

\$ _____

TOTAL PROJECTED CASH PROFIT FOR THE NEXT MONTH:

\$ _____

ADDITIONAL INFORMATION

PLEASE ATTACH ALL FINANCIAL REPORTS INCLUDING AN INCOME STATEMENT AND BALANCE SHEET WHICH YOU PREPARE INTERNALLY.

P3, LLC
Balance Sheet
(Debtor in Possession)
January 31, 2018
(See Notes to Balance Sheet)

Desc Main			
Assets			
Current Assets			
Cash on Hand	\$ 1,400	Accounts/Notes Payable-Pre Filing	\$ 2,471,022
Store 139	\$ 1,400		
Store 2423	\$ 1,400		
Store 2794	\$ 1,400		
Store 2920	\$ 1,400		
Store 3519	\$ 1,400		
Store 3970	\$ 1,400		
Store 4006	\$ 1,400		
Store 4669	\$ 1,400		
Store 13662	\$ 1,400		
Total Cash on Hand	\$ 12,600		
Current Liabilities			
Cash in Bank	\$ 108,708		
Main	\$ 43,979		
Store 139	\$ 25,510		
Store 2423	\$ 25,105		
Store 2794	\$ 26,026		
Store 2920	\$ 29,540		
Store 3519	\$ 22,903		
Store 3970	\$ 19,645		
Store 4006	\$ 20,450		
Store 4669	\$ 26,951		
Store 13662	\$ 348,817		
Total Cash in Bank	\$ 361,417		
Total Current Assets		Total Current Liabilities	\$ 2,471,022
Fixed Assets			
Furniture, Fixtures & Equipment	\$ 1,047,572		
Auto	\$ 22,000		
Total Fixed Assets	\$ 1,069,572		
Total Assets	\$ 322,473		
Liabilities and Capital			
Current Liabilities			
Leasehold Improvements	\$ 25,000	Capital	\$ (717,560)
Franchise Fee	\$ 1,753,462	Total Liabilities & Capital	\$ 1,753,462
Total Liabilities & Capital			

Notes to Balance Sheet

This Balance Sheet has been adjusted to the Cash Basis method of Accounting

As soon as the court order was signed on October 8, 2016 employing Aldridge Chaseswater, LLC, Joan deSouza Frank Phelps as accounting and business consultants, the added task of reconstructing the formal books of accounts began to emerge. Starting September 22, 2016 the task of reconstructing the books began prior to the court order by focusing on balances owed to all creditors, making sure payroll for +250 employees was properly taken care of including making sure all payroll taxes were all current, sanitation measures were all current, sanitation measures were properly carried out, and in compliance with applicable laws, studying an efficient electronic accounting reporting system to be installed, a necessity to protect the financial investment made by all. Since date of filing on October 6, 2016 the process has been accelerated.

Please note that no reliable historical books of accounts exist and therefore beginning October 6, 2016 and continuing forward are being developed and thus requiring further amendments to presented financial statements may occur from time to time as further information unfolds.

Current Assets

Cash on Hand as shown is kept at each store in a secured manner under control of each store manager and is signed off daily as counted each evening.

Cash in Bank as shown has been verified with US Bank demonstrated by a paper trail bank statement and transaction journal prepared independently by US Bank and signed off by a banking official.

Inventory is not shown but rather expensed off to each store because there is very little shelf life that can be assigned to either perishable there is very little shelf life that can be assigned to either perishable food and paper items.

Fixed Assets , Leasehold Improvements and Franchise Fee have not been depreciated or amortized at this point in time until such time as an inventory can be concluded disclosing purchase can be concluded disclosing purchase can be concluded disclosing purchase dates and a detailed list of said assets,

Other Assets

The amount due from Peterson has been estimated until investigation is completed determining the correct amount to be recovered

There is Loss of Income Claim in progress do to a car crash into a store, 2 fires and 2 floods never claimed for an insurance recovery. At this point in time there is an estimated recovery in excess of \$340,000.

Liabilities

All creditors' amounts due were taken from court records and/or company records and will be amended from time to time as new information surfaces.

Capital

Because no reliable historical records are available, the amount so stated will be amended once new data can be verified.

		P3 Foods, LLC																		
		Debtor in Possession																		
		Consolidated and Individual Store Income Statement Cash Basis																		
		January 1, 2018-January 31, 2018																		
		(See Notes to Income Statement)																		
Store Numbers	All Stores	% to Sales	139	% to Sales	2423	% to Sales	2794	% to Sales	2920	% to Sales	3519	% to Sales	3970	% to Sales	4006	% to Sales	4669	% to Sales	13662	% to Sales
Gross Sales	\$ 894,235	100.00%	\$ 171,989	100.00%	\$ 111,870	100.00%	\$ 74,260	100.00%	\$ 93,496	100.00%	\$ 100,438	100.00%	\$ 80,346	100.00%	\$ 79,017	100.00%	\$ 80,739	100.00%	\$ 102,080	100.00%
Cost of Goods Sold	\$ 294,234	32.90%	\$ 45,437	26.42%	\$ 39,452	35.27%	\$ 23,486	31.64%	\$ 28,705	30.70%	\$ 36,747	36.59%	\$ 24,239	30.17%	\$ 30,186	38.20%	\$ 29,716	36.81%	\$ 36,256	35.52%
Gross Profit	\$ 600,001	67.10%	\$ 126,552	73.58%	\$ 72,418	64.73%	\$ 50,764	68.36%	\$ 64,791	69.30%	\$ 63,691	63.41%	\$ 56,107	69.83%	\$ 48,831	61.80%	\$ 51,023	63.19%	\$ 65,824	64.48%
Labor																				
CEO, Managers & Crews	\$ 305,551	34.17%	\$ 49,058	28.52%	\$ 38,165	34.12%	\$ 27,884	37.55%	\$ 33,084	35.39%	\$ 32,144	32.00%	\$ 24,197	30.12%	\$ 30,325	38.38%	\$ 30,396	37.65%	\$ 40,298	39.48%
Total Labor	\$ 305,551	34.17%	\$ 49,058	28.52%	\$ 38,165	34.12%	\$ 27,884	37.55%	\$ 33,084	35.39%	\$ 32,144	32.00%	\$ 24,197	30.12%	\$ 30,325	38.38%	\$ 30,396	37.65%	\$ 40,298	39.48%
Burger King Expenses																				
Royalties	\$ 31,504	3.52%	\$ 6,578	3.82%	\$ 4,830	4.32%	\$ 3,766	5.07%	\$ 4,237	4.53%	\$ 4,555	4.54%	\$ 3,832	4.77%	\$ -	0.00%	\$ 3,706	4.59%	\$ -	0.00%
Advertising/Invoicing	\$ 27,139	3.03%	\$ 5,847	3.40%	\$ 3,056	2.73%	\$ 3,438	4.63%	\$ 4,049	4.33%	\$ 4,049	4.03%	\$ 3,406	4.24%	\$ -	0.00%	\$ 3,294	4.08%	\$ -	0.00%
Total Burger King Expenses	\$ 58,643	6.56%	\$ 12,425	7.22%	\$ 7,886	7.05%	\$ 7,204	9.70%	\$ 8,286	8.86%	\$ 8,604	8.57%	\$ 7,238	9.01%	\$ -	0.00%	\$ 7,000	8.67%	\$ -	0.00%
General & Administrative Expenses																				
Credit Card & Bank Charges/Charges	\$ 13,423	1.50%	\$ 2,293	1.33%	\$ 1,500	1.34%	\$ 1,129	1.52%	\$ 1,403	1.50%	\$ 1,548	1.54%	\$ 1,700	2.12%	\$ 1,609	2.04%	\$ 1,322	1.64%	\$ 919	0.90%
Payroll Processing-All Stores	\$ 2,786	0.31%	\$ 1,926	1.12%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 400	0.40%	\$ 500	0.62%	\$ -	0.00%	\$ -	0.00%	\$ 870	0.85%
Anthony Ponderino	\$ 1,400	0.16%	\$ 500	0.29%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Insurance	\$ 28,144	3.15%	\$ 3,064	1.78%	\$ 3,196	2.86%	\$ 2,778	3.74%	\$ 2,907	3.11%	\$ 3,133	3.12%	\$ 3,134	3.90%	\$ 3,542	4.48%	\$ 2,893	3.58%	\$ 3,497	3.43%
Maintenance	\$ 810	0.09%	\$ 90	0.05%	\$ 90	0.08%	\$ 90	0.12%	\$ 90	0.10%	\$ 90	0.09%	\$ 90	0.11%	\$ 90	0.11%	\$ 90	0.11%	\$ 90	0.09%
Maintenance & Repairs	\$ 18,106	2.02%	\$ 2,075	1.21%	\$ 2,028	1.81%	\$ 1,101	1.48%	\$ 1,695	1.81%	\$ 2,176	2.17%	\$ 1,802	2.27%	\$ 2,645	3.35%	\$ 3,300	4.09%	\$ 1,184	1.16%
Bank Transaction Fees-All Stores	\$ 1,735	0.19%	\$ 1,735	1.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Sales Tax MN	\$ 63,760	7.13%	\$ 10,972	6.38%	\$ 8,682	7.76%	\$ 6,162	8.30%	\$ 6,777	7.25%	\$ 7,222	7.29%	\$ 6,113	7.61%	\$ 4,949	6.26%	\$ 5,872	7.27%	\$ 7,011	6.87%
Store Transfers	\$ 27,000	3.02%	\$ 4,000	2.33%	\$ -	0.00%	\$ 5,000	6.73%	\$ -	0.00%	\$ 10,000	9.96%	\$ 8,000	9.96%	\$ -	0.00%	\$ -	0.00%	\$ 3,211	3.25%
Utilities/Concert	\$ 18,780	2.10%	\$ 3,687	2.14%	\$ -	0.00%	\$ 3,220	4.34%	\$ 2,629	2.81%	\$ -	0.00%	\$ 2,791	3.47%	\$ 2,615	3.31%	\$ 517	0.64%	\$ 3,321	3.32%
Rent	\$ 9,000	1.01%	\$ -	0.00%	\$ 9,000	8.05%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Real Estate Taxes	\$ 1,927	0.22%	\$ -	0.00%	\$ 1,927	1.72%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Snow Removal	\$ 2,020	0.23%	\$ 505	0.29%	\$ -	0.00%	\$ -	0.00%	\$ 505	0.54%	\$ -	0.00%	\$ 837	1.04%	\$ 837	1.06%	\$ 837	1.04%	\$ 505	0.49%
Licenses	\$ 2,511	0.28%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Lease	\$ 747	0.08%	\$ 83	0.05%	\$ 83	0.07%	\$ 83	0.11%	\$ 83	0.09%	\$ 83	0.08%	\$ 83	0.10%	\$ 83	0.11%	\$ 83	0.10%	\$ 83	0.08%
PACIFIC Equipment Financing	\$ 11,416	1.28%	\$ 1,427	0.83%	\$ -	0.00%	\$ 1,427	1.92%	\$ 1,427	1.53%	\$ 1,427	1.42%	\$ 1,427	1.78%	\$ 1,427	1.81%	\$ 1,427	1.73%	\$ 1,427	1.42%
PACIFIC Premier Bank	\$ 4,911	0.55%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 4,911	5.25%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Total General & Administrative Expenses	\$ 208,476	23.31%	\$ 32,347	18.81%	\$ 26,506	23.69%	\$ 20,990	28.27%	\$ 22,427	23.99%	\$ 26,079	25.97%	\$ 26,577	33.08%	\$ 17,797	19.55%	\$ 16,846	20.67%	\$ 18,907	18.52%
Net Cash Income	\$ 27,331	3.06%	\$ 32,722	19.03%	\$ (139)	-0.12%	\$ (5,314)	-7.16%	\$ 994	1.06%	\$ (3,186)	-3.12%	\$ (1,905)	-2.37%	\$ 709	0.89%	\$ (3,219)	-3.99%	\$ 6,619	6.48%

Note : This Consolidated and Individual Store Income Statement was prepared on a cash basis with supporting documentation from Actual January 2018 Bank Statements obtained On Line from US Bank.